

June 13, 2007

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

*BUCKET FILE COPY ORIGINAL*

**Re: Implementation of the Pay Telephone Reclassification and  
Compensation Provisions of the Telecommunications Act of 1996,  
CC Docket No. 96-128**

Dear Ms. Dortch:

Attached please World Discount Telecommunications independent systems compliance report which we have prepared. World Discount Telecommunications is required to submit to the FCC per the requirements of 47 C.F.R. Section 64.1310, as discussed in the FCC Report and Order released on October 3, 2003 in the above docket. Please let me know if you have any questions.

Sincerely,

Joe Solana  
Managing Partner

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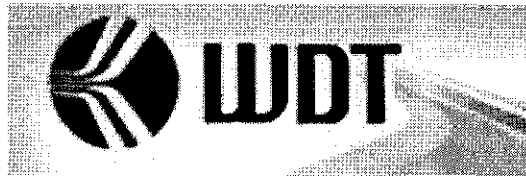
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Independent Auditor's System Report  
For Payphone Compensation  
As required by FCC Order 03-235  
Docket No. 96-128

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1200 Old Alpharetta Road  
Alpharetta, GA 30005

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## **Independent Auditor's System Audit Report**

Board of Directors

World Discount Telecommunications.

We have examined World Discount Telecommunication's call tracking system for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period Q4 2006. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the company's compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives, namely that their call tracking system accurately tracks payphone calls to completion and that the company satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on compliance with specified requirements.

In our opinion, World Discount Telecommunications complied, in all material respects, with the aforementioned requirements for the period mentioned through December 31, 2006. The company has sufficient controls in place to provide reasonable assurance to achieve the control objectives; namely that the call tracking system accurately and consistently tracks payphone calls to completion.

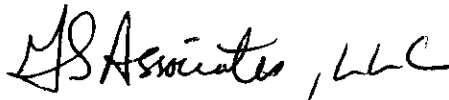
The description of policies and procedures concerning Payphone Compensation as of May 8, 2007, as well as information concerning tests of the operating effectiveness and Alternative Compensation Agreements includes the period of Q1 2007. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of World Discount Telecommunications, and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates

CPA's & Business Partners

May 9, 2007



## Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004, requiring Interexchange Carriers (IXC's), Local Exchange Carriers (LEC's) and Switch Based Resellers (SBR's) to establish and maintain a comprehensive Call Tracking System (CTS) which accurately reports and compensates Payphone Service Providers (PSP's).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor's report shall conclude whether the SBR, LEC, or IXC complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the SBR's procedures accurately reflect the Commission's rules, including the attestation reporting requirements.
- 2) Whether the SBR has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the SBR has effective data monitoring procedures.
- 4) Whether the SBR adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the SBR has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the SBR has procedures to incorporate call data into required reports.
- 7) Whether the SBR has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the SBR's have adequate and effective business rules for implementing and paying payphone compensation.

## Background

World Discount Telecommunications (WDT), resells telecommunications services to both wholesale and prepaid customers. WDT provides these services in the United States via its platform in Chicago Illinois. All prepaid calls are terminated through their switch for prepaid phone cards over the WDT network. WDT utilizes the services of an outside clearinghouse, Billing Concepts (BSG) to process payments to PSP's.

## Audit Process & Procedures

WDT has been compensating PSP's through BSG, a payphone clearinghouse for 4 years. Prior to that WDT was compensating PSP's through opt in agreements with its primary carriers. The primary focus of our audit was the testing of WDT's call tracking system, policies and procedures. Specifically, is WDT able on a consistent basis to identify, isolate and report on completed calls to its platform? We performed test calls to the WDT platform and reviewed CDR to test the effectiveness of the Call Tracking System. WDT has contracted with BSG for payment clearinghouse services. As such, GSA will certify WDT's compliance on points 1 – 5, 8, and 9 inclusive, points 6 and 7 are covered under BSG's SAS 70 attached as appendix 'A'. Through interviews with key personnel we will determine if those employees charged with operating and maintaining the call tracking system are educated and up to date on the current FCC order. These interviews will help to determine if the appropriate controls are in place to guarantee consistency and accuracy in the compensation and call tracking systems.

The guidelines used to conduct and prepare this report are established in the AICPA's Statements on Standards for Attestation Engagements (SSAE), specifically, SSAE 10, AT Section 101 *Attest Engagements* and AT Section 601 *Compliance Attestation*.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
  - a) *Objectivity* – free of bias
  - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.
  - c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
  - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an independent mental attitude in all matters relating to the engagement.
- 5) Exercise due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

### ***FACTOR 1: Payphone Compensation Policies & Procedures.***

WDT has established documented policies & procedures specifically in compliance with the Dial Around Compensation FCC order. WDT conducted a systems audit as part of their Payphone Compensation Audit in 2005. The recommendations from that audit have been implemented. GSA also witnessed and/or tested the points as listed below:

1. Backup Policy – Documented.
2. Log Tracking & Archive Process – Documented.
3. Core Security Policy – Offsite – Documented.
4. Physical Security Policy.
  - a. Onsite – Tested.
  - b. Offsite – Documented.
5. Host / Server Security Policy – Offsite – Documented.
6. Change Control Policy – Documented.
7. Password Policy – Documented & Tested.
8. Information Access Control Policy – Tested.
9. Monitoring Policy – Documented.
10. Firewall Policy – Tested.

WDT has also drafted and implemented a dispute resolution process which includes but is not limited to:

1. Responsible parties
2. Data file Retention period
3. Compensation file Retention period
4. Compensation reporting requirements

WDT has in place a detailed process document which outlines the steps necessary to retrieve and consolidate data from its two platforms. This procedure guarantees that the integrity of data on a month by month/quarter by quarter will be consistent. This document includes but is not limited to:

1. Responsible parties
2. Location of databases
3. Steps for uploading data to clearing house.

GSA has reviewed these documents and finds them to be complete and substantiated. These procedures have been implemented in the organization and are reviewed quarterly by management.

### ***FACTOR 2: Responsible Dedicated Staff.***

WDT has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. The Chief Operating Officer, Andrew Plocienniczak, is responsible for drafting necessary business requirements.
2. The IT Manager, Chris Dziedzic is responsible for developing & maintaining systems to create payphone call records from switch records.
3. The Chief Operating Officer, Andrew Plocienniczak is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The IT Manager, Chris Dziedzic is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The IT Manager, Chris Dziedzic is responsible for developing compensation tracking reports.
6. BCI is responsible for dispute resolutions, with the Chief Operating Officer, Andrew Plocienniczak, having final authorization.

These individuals have expertise regarding the systems and procedures and are involved on day to day basis with the process.

### ***FACTOR 3: Data Monitoring Procedures.***

WDT has developed a systematic reporting process to generate daily, monthly and quarterly reports on payphone call counts, numbers called, and info digits used as a subset of their total CDR accumulation. Currently WDT is utilizing the services of BSG, a payphone compensation clearing house to fulfill its requirements to PSP's. As such, BSG has provided to WDT formats and data requests to facilitate the transfer of data and the processing and payment of compensation to PSP's. Management regularly reviews this data on a monthly and quarterly basis for accuracy and completeness. GSA has been provided with this data and has determined that WDT can produce reports on a regular basis that reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.
- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

Switch information is extracted every 2 minutes which insures that in the event of switch outage the chance of lost CDR is minimized. WDT has identified potential data pitfalls, however this is monitored and a rare occurrence. WDT regularly reviews carrier CDR in relation to its switch CDR, errors are immediately addressed with the carrier in question, and corrections are made.





#### ***FACTOR #4: Compensation Assurance Protocols.***

WDT has established procedures (refer to Audit Factor #2) which guarantee that the company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in the aforementioned procedure section and do not adversely affect its call tracking capabilities. WDT has placed the ownership of these processes with senior management, insuring that no changes which could jeopardize the process can occur. GSA was provided with these documented procedures and reports. In addition, by utilizing the services of BSG, Legal Counsel, and GSA, WDT will remain informed of all pertinent changes to the FCC mandated compensation regulations. WDT maintains at a minimum the 6 quarters of past CDR and Compensation files required by the FCC.

#### ***FACTOR #5: Compensable Call File and Reporting.***

WDT retrieves all data directly from carrier and company CDR and prepares online reports for utilization in the compensation process. WDT has documented this process including the various queries utilized to extract the data. WDT provided samples of this CDR, from its platform in two formats. These two formats included the raw switch data from the server and the BSG formatted data. WDT also provided CDR specifically for test calls that GSA made for review. We determined that this file contained all of the necessary data that is required by the clearinghouse to perform the ANI match and to prepare detailed reports for compensation. WDT achieved 100% accuracy with test calls conducted. WDT also indicated that its compensation captures all traffic from in bound toll free numbers regardless of what the utilization of the toll free is. By doing this WDT insures that it will capture all payphone calls including those which are pointed at its customer service center.

#### ***FACTOR #6: Required Reporting.***

BSG through contractual arrangements with WDT is responsible for this factor. (See appendix "a"). WDT receives summary data from the clearing house each quarter. Andrew Plocienniczak, CEO, reviews this data for accuracy before remitting to BSG. GSA has reviewed this process and tested for accuracy. The Q406 data was complete and accurate. GSA matched this data with switch CDR with only a slight difference.

## ***FACTOR #7: Dispute Resolution Procedures.***

### **7.1 BSG Contractual Obligation**

BSG through its contract with WDT will handle all disputes that arise from the matching and payment of payphone compensation. It is their obligation to keep current data for payphone ownership to insure accurate and timely payments. See appendix 'A'; BSG SAS 70.

### **7.2 WDT Dispute Resolution Process**

WDT has assigned their CEO, Andrew Plocienniczak, as the individual responsible for processing payments to PSP's and aggregators through its clearing house BSG and for managing the in house payphone compensation system. Mr. Plocienniczak is most capable of handling disputes arising from the compensation method. WDT has documented its dispute resolution process. Generally, disputes that are handled in house pertain to the processing of incomplete data.

GSA has reviewed both processes and found them to be complete and all encompassing.

## ***FACTOR #8: Independent Testing of Critical Controls and Procedures.***

### **8.1 Payphone Call Tracking System Test**

WDT operates as a reseller of telecommunications services and a provider of prepaid telecom products. Their platform is capable of capturing all relevant components of the call stream from origination to completion. This ability is the backbone of its call tracking system. In order to test the accuracy of the call tracking system, WDT provided GSA with several test pins. GSA used these pins to conduct test calls from several sources including payphones, landlines and wireless lines. Our test calls were both completed and incomplete. We determined the following:

1. All necessary information, related to call origination, required to record payphone calls appears. WDT defines procedures for identifying the accurate Payphone Operator code from the ANI data transmission and, further, identifies their coding procedures for segmenting completed calls with payphone codes.
2. Toll Free Number was present. This is used to determine if compensation should be paid, or not paid based on alternative compensation agreements.
3. Date and Time stamp, necessary to process a compensable call in the appropriate quarter.
4. Payphone Identifier, to further help identify a compensable call.

## **8.2 Alternate Compensation Agreements**

WDT does not currently have any alternate compensation agreements with its wholesalers or customers. WDT has executed no opt in agreements with any of its originating carriers, and assumes 100% responsibility for payphone compensation.

### ***FACTOR #9: Adequate and Effective Business Rules.***

Through observations and interviews of key personnel at WDT, GSA found that all of the procedures documented here are instituted throughout the organization. The personnel assigned to various aspects of the system are well versed in the process, and understand the rules and consequences of non compliance. Therefore with the combination of education, procedures, executive oversight and outside consulting, WDT has in place adequate and effective business rules for implementing and paying payphone compensation in a timely and accurate basis.

## **Audit Conclusions**

### ***1. FCC Relevant Rules Accurately Stated***

WDT has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Dispute resolution
- Data Storage Requirements.

### ***2. Established Security Protocols***

WDT has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel. Monitoring tracking systems have been installed to limit access to the company's call tracking system. Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.



### **3. Audit Findings**

WDT, an Illinois Corporation, with principal operations in Texas and Illinois is a reseller of telecommunications services and a provider of prepaid telecom products. WDT provides these services from its operations in Illinois and Texas. GSA has validated payments made through Q4 of 2006, therefore we cannot comment on the Company's compliance for payments prior to the period audited. GSA has verified that WDT has a viable compensation system that accurately tracks and reports payphone calls. Through interviews with key company personnel, it is clear that the Company will be able to continue to operate their compensation system accurately and consistently in the future.

## APPENDIX 'A' – BSG SAS 70



**PADGETT, STRATEMANN & CO., L.L.P.**

Certified Public Accountants and Business Advisors

### Independent Service Auditors' Report

To the Board of Directors  
Billing Concepts, Inc.  
San Antonio, Texas

We have examined the accompanying description of the controls of Billing Concepts, Inc. ("BCI") applicable to recordkeeping, reporting, and payment services provided to its clients by the Dial Around Compensation ("DAC") Team of BCI. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of BCI's controls as it relates to DAC; (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and user organizations applied those aspects of internal control contemplated in the design of BCI's controls; and (3) such controls had been placed in operation as of March 31, 2006. The control objectives were specified by the management of BCI. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls of BCI, presents fairly, in all material respects, the relevant aspects of BCI's controls that have been placed in operation as of March 31, 2006. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations applied those aspects of internal control contemplated in the design of BCI's controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specified controls, as listed in Section IV, to obtain evidence about their effectiveness in meeting the related control objectives during the period from April 1, 2005 to March 31, 2006. The specific control objectives; controls;

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and the nature, timing, extent, and results of the tests are listed in Section V. This information has been provided to DAC customers of BCI and to their auditors to be taken into consideration, along with information about BCI's customers' internal controls, when making assessments of control risk for BCI's customers. In our opinion, the controls that we tested (Section V) were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section IV were achieved during the period from April 1, 2005 to March 31, 2006.

The relative effectiveness and significance of specific controls at BCI and their effect on assessments of control risk at BCI customers are dependent on their interaction with internal control, and other factors present at individual BCI customers. We have performed no procedures to evaluate the effectiveness of internal control at individual BCI customers.

The description of controls at BCI is as of March 31, 2006, and information about tests of the operating effectiveness covers the period from April 1, 2005 to March 31, 2006. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the system in existence. The potential effectiveness of specific controls at BCI is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for use by management of BCI, its DAC customers, and the independent auditors of such customers.

Certified Public Accountants  
May 18, 2006